

**Child Support Enforcement
Task Force
September 8, 2005**

Members present: Carol Olson, Mike Schwindt, James Fleming, Keith Berger, Vince Gillette, Wendy Jacobson, Dan Richter, Joe Belford, Darrell Vanyo, Scott Griffeth, Robert Freed, Sally Holewa, Bernice Delorme, Brad Davis, John Waller, Lisa Kemmet, Terry Traynor, Sen. Tom Fischer, and Rep. William Devlin

Member absent: Ron Anderson

Introductions were made.

Carol K. Olson, Executive Director of the Department of Human Services (DHS), welcomed the group. She said she will not serve as a member of the Task Force and will be turning it over to Schwindt to chair. Olson complimented everyone for dedicating their time to this important matter. She recognizes that everyone is very busy and appreciates that the members have committed to work through critical issues facing the Child Support Enforcement program. Olson asked that members remember why we are working with these issues. The focus needs to remain that we make sure children are receiving the financial assistance they so dearly need. What we do, we do for the kids. Remembering that the outcome is to benefit the kids will help keep us on track. Olson said that Tove Mandigo from the Executive Office will be present for a good portion of this meeting.

In addition to Mandigo, Diane Hausmann, Regional IV-D Administrator of the Grand Forks regional office was also present.

Schwindt began by going through some housekeeping items. This is an open meeting. It is being audio-taped so that the tapes may be used as a source if needed. If and when the Task Force does vote, voting will be by roll call. Generally, votes can't be made by proxy. Travel costs will be paid at state rates. There are forms that must be completed for reimbursement. Mike asked that members return the data sheet if they haven't already. He said he will try to get the information on the Web for access that way as well.

In response to a question, Schwindt said that the binders of information belong to the members. Members may take their binders with them, or they can be left at the state office for storage.

Regarding today's attendance, Schwindt said that Sen. Fischer will need to leave at about 3:00. Rep. Devlin will be here later. Anderson is absent due to combining.

The meeting proceeded with Schwindt and Fleming walking through the binder of information which was also, in part, on Power Point. (Binder tab numbers are indicated as such: [Tab #].)

Child Support Enforcement in North Dakota – historical perspective Schwindt said that North Dakota is one of the better states when looking at the Federal Fiscal Year (FFY) 2004 information; we have a good ranking among peers. We again ranked 3rd nationally. However, performance is not so good if you are the one not receiving your child support.

Schwindt reviewed the Program Purpose Statement. [Tab 1] “The purpose of the Child Support Enforcement program is to enhance the well-being of children and reduce the demand on public treasuries by securing financial support from legally responsible parents and encouraging positive relationships between children and their parents.” The program is not about getting as much money as possible from the noncustodial parent.

Total collections for the last 12 months - \$99,171,479. Program has grown considerably over the last few years. 66.8% is on IV-D cases. A IV-D case is a case in which there is an assignment because of receiving public assistance, or a case in which a parent has asked for our services. The federal government pays us for IV-D cases. We are limited on what we do in nonIV-D cases. 1.8% of collections went to TANF, 1.6% to Foster Care, 4% to federal government, and most importantly, 54% to IV-D families and 33.2% to nonIV-D families. The remaining 4.8% went to other states; some of which was then sent on to families. [Tab 13]

Information was presented on the program’s collections by source. This is where the employers really help; 61% of collections are through income withholding. Other sources and percentages were also reviewed.

Information was presented on what the program does: locate; establishment of paternity; establishment of court-ordered support (child support and medical support); review and adjustment; enforcement of court-ordered support; interstate; and receive, record, and disburse payments. Regarding paternity establishment - our voluntary paternity acknowledgment program is one of the best at around 77%. Regarding medical support – this will become more important. The state office is working with Public Consulting Group (PCG) to pick up more information on insurance. Regarding disbursing payments – this is a relatively new function (late 1998) through the State Disbursement Unit (SDU). The \$100 million in collections mentioned earlier is paid through the SDU through negotiable instruments and electronic methods. As far as paying the money out, electronic methods were started about two years ago and now about 94% is sent out electronically. In response to a question from Delorme, Schwindt said that the program does not charge a fee for services. Regarding electronic payment processing, Fleming mentioned that the program is also accepting electronic payments from employers and other states, and there will soon be debit card and credit card options. In response to a question from Freed, Fleming explained how the credit card fee may be handled.

Regarding how the program was funded in Calendar Year (CY) 2004 – federal funds of \$8.1 million (federal match of \$6.8 million plus incentives of \$1.3 million) plus property tax funds of \$4.2 million and state funds of \$ 1.5 million equals \$13.8 million. Less SWAP revenue of \$3.4 million equals \$10. 4 million which is the total cost for CY 2004. Regarding earning federal incentives, we are compared with our sister states.

Traynor said that, if these statistics are looked at in isolation, it appears that the state makes money on the program.

A model of the program's service delivery system was reviewed. [Tab 6] We have the judicial branch which has hearings, establishes orders, and enforces orders. The judicial branch includes the courts and the clerks of court. The law says that County Social Service Boards (CSSBs) have a role and a responsibility for running the program at the local level. The County Commissions also have a role; they have to fund what CSSBs/regional offices are doing. Regarding clerks of court, there are 49 that are a part of the state Supreme Court contract and four free-standing. The sheriffs play a role. They, for example, serve process. State's Attorneys have a role in enforcement. In some counties, they are responsible for the Order to Show Cause (OTSC) hearings. There are also some criminal prosecutions happening in a couple of the counties.

Back under CSSBs, there are basically two groups. Three regional offices are under State's Attorneys' offices: Bismarck, Fargo, and Minot. The other five are under CSSBs: Jamestown, Devils Lake, Dickinson, Williston, and Grand Forks. In Grand Forks, the administrator and the IV-D attorney are under the State's Attorney's office and the rest of the staff are under the CSSB. The Jamestown office has a board that meets, votes, and makes decisions. In Devils Lake, there is an advisory board with no authority for decisions. In Fargo, a number of CSSB members get together and make recommendations which go to the Cass County Commission for final approval.

There are a lot of variances on this one. Delorme remarked that we will have to figure out how tribes fit in this. Schwindt mentioned the pending application for direct federal funding that was submitted by Three Affiliated Tribes. Traynor asked if there was anything intrinsic in having the CSSBs be the primary entity involved in administering the local offices. For example, would there be anything to prohibit the Bismarck office to be involved only with the State's Attorney's office. Schwindt said that it would require a law change because CSSBs are involved per statute.

A model was reviewed that shows the primary interdependencies and interactions between the program and various partners. [Tab 7] This arose out of one of Olson's strategic plan initiatives. Various partners include: other states' and countries' programs; regional child support offices (primary customers); county social services (play a key role); other county officials such as county recorders, sheriffs, state's attorneys; district courts and clerks of court; federal agencies such as Department of Defense, Internal Revenue Service, Office of Child Support Enforcement, Social Security Administration, and State Department; credit bureaus; employers; financial

institutions; hospitals; insurance companies; utility companies; other state agencies such as Attorney General's office, Game and Fish, Health, Job Service, Office of Management and Budget, professional boards and commissions, Secretary of State, Supreme Court, Tax, Transportation, and the University system; DHS programs such as Children and Family Services, Economic Assistance, and Medical Services; and DHS support programs such as Fiscal, Human Resources, and Legal. Vanyo asked about getting a listing of states that are state-administered vs. county-administered. [A table containing this information is attached to these minutes.] Delorme asked that Tribes be considered in the interdependency model. Schwindt agreed to add the Tribes to the model. Regarding the State Department and passport denial, Schwindt mentioned the possibility that the threshold will be reduced from \$5,000 arrears to \$2,500 arrears. Regarding insurance companies, Schwindt mentioned that the state office will be looking at a news release about signing on with a lien network (Child Support Lien Network – CSLN) out of Rhode Island in which we can load out our arrears and when someone has a settlement due, the program can intercept it. This lien network is being used in a number of states now. In response to a question from Sen. Fischer, there was some discussion about the treatment of property damage settlements, such as those arising out of this summer's hail storm. According to Fleming, the CSLN contract accommodates not including property damage settlements. Regarding Job Service, Schwindt mentioned the parental employment program that is being piloted in Dickinson.

The agenda was briefly reviewed. [Tab 2]

SB 2301 was briefly discussed. [Tab 3] Fleming said that not every section of SB 2301 is relevant to the Task Force but many are. SB 2301 started out as a bill that would have changed the program from being county-administered to one being state-administered. The House amended the bill to its present form and the amendments were agreed to by the Senate. The sections were then reviewed. Section 1 would change reimbursements relating to tribal counties from 90% to 100%. Section 2 has to do with incentive funds. Federal incentives are required to be reinvested in the program. They have to supplement, not supplant, local funds. The current incentives distribution formula used by the program is very outdated. Changing the formula is one of the tasks of DHS. Section 2 states that the incentives distribution formula must promote performance and consistency in child support activities throughout the state. DHS will revise the incentive distribution formula to meet legislative intent. Section 3 made an amendment to a long-existing fund. The incentive account was funded by taking 1% of federal incentives off the top, to be used to fund training. As amended, it would increase to a 5% set-aside and would be used as an improvement account, in accordance with a business plan. A draft business plan, included in members' binders, is to use some of the money to make changes through better use of automation, to become more efficient. In response to a question from Gillette, Fleming said that the amount will be about \$50,000 per year. It also leverages federal match, which results in about \$150,000 per year to make improvements. Section 4 is a new section in the Century Code which authorizes DHS to identify functions of the program that would be

more efficient if centralized or specialized. The discussion at the legislative level was that we don't have to expect workers to be a "jack of all trades" if a function is centralized or specialized. The program is actively exploring identifying areas in discussion with the regional offices. We are all here because of Section 5; this is the section about the Task Force and describes who to draw from for membership. Section 6 is legislative intent. Should be used to guide the Task Force in future months. It speaks to increasing collections and maximizing the use of federal funds. Addresses a staff classification review. How do we get more money in? Section 7 provides a sunset clause on the Task Force (expiring June 30, 2007).

There are selected relevant sections of state law included in the members' binders. [Tab 4] N.D.C.C. § 50-09-02 states that DHS will act as the official agency in the administration of the program. N.D.C.C. § 50-09-03 states that DHS submits state plans. The program must exist in order for us to get TANF funds. If we do not comply with state plan requirements, it jeopardizes all TANF funds. It is the responsibility of DHS to make sure the plan is honored. N.D.C.C. § 50-09-15.1 addresses the child support improvement account. N.D.C.C. § 50-09-33, added in 2003, allows the state office to be a service provider. Centralization and specialization have been studied for a while. One possibility under this section would be for the regional offices to buy services from the state office. The continuing appropriation for this was extended by the 2005 legislature. This goes hand-in-hand with identifying areas for centralization or specialization. N.D.C.C. § 50-09-34 provides DHS authority for directing a regional office to enter an agreement to perform certain activities. N.D.C.C. § 14-09-09.10 includes definitions of the agencies involved.

Program history was provided. [Tab 5] When the program began in 1975 it was designed to bring money back to offset welfare expenditures. It is no longer referred to as "welfare;" it is now referred to as "assistance." There has been an evolution of the program, well defined under the Personal Responsibility and Work Reconciliation Act (PRWORA). Now, there is an emphasis on getting families a steady stream of money to keep them off assistance. We are now here to ease the use of public assistance.

The program has a lot of power to get data from a variety of sources, including automated sources. This includes social security numbers, which are very protected. With programs like license suspension, you can see why the program has such a need for the information. Using the social security number as a common identifier has enhanced the power of the automated systems.

An interagency cooperative agreement is included in the binder. [Tab 5] One exists for each region. Counties banded together to form eight regions. Of course, cooperative agreements now need to be revised and may need further modification based on pending changes.

The organizational chart of the state office was briefly reviewed. [Tab 6] There are 38 full time equivalents (FTEs). Basically, the units within the state office are the FACES

unit (computer system); the Operations unit which works with employers and issues income withholding on nonIV-D cases; the Policy unit; the Customer Service unit which includes the SDU; and the support staff. In response to a question from Gillette, Schwindt said that the budget is \$7 million for the biennium and includes \$2 million for pay-out to counties. In response to a question from Delorme, Schwindt said there is no differentiation between who works on tribal collections and who works on non-tribal collections. The office assigned to the case works it. He said he knows there may be a need for a central contact for tribes.

A regional map in the binder shows the counties served. [Tab 6] There are 119 county staff. This excludes judges and clerks of court.

In response to a question, Schwindt said that the Fargo regional office has the most cases.

Reviewed a side-by-side comparison of what happens at the state office, what happens at the regional offices, and what happens at the court level. [Tab 8]

Briefly reviewed the flow chart of activities on a IV-D case. [Tab 8] Gave brief overview. In response to a question from Belford, Schwindt said that 96% of payments are sent out the same day. Fleming added that when consider delay at clearinghouse, the money is spendable in two more days. Schwindt said that it may depend on how banks do business.

Briefly reviewed the flow chart of activities on a nonIV-D case. [Tab 8] There is very little done on these cases compared to a IV-D case. Some clerks of court are good at working alerts generated by FACSES, others are not.

Reviewed a chart showing what happened to the caseload over time. [Tab 9] The chart starts with 1999 because of the implementation of FACSES and the SDU. IV-D caseload shows an increase. Affects 160,000 people in North Dakota, other states, and other countries. Many other states don't pick up on the entire nonIV-D piece. In response to questions from Traynor and Vanyo, Schwindt said that under the federal law we have to handle collections in nonIV-D cases that are through income withholding; our legislature has involved us further than that in these cases.

Briefly reviewed the child support guidelines. [Tab 10] This is the way we identify how much people are supposed to pay. Once net income is determined, it is applied to the chart. We are federally mandated to have guidelines.

There was then discussion about the guidelines. In response to a question from Delorme, Fleming confirmed that tribes have separate guidelines, as do other states.

North Dakota has an obligor model, but has made changes to address areas that arise for the noncustodial parent such as extended visitation. The guidelines have imputation

provisions. A minimum wage of \$800/month net income would result in a guideline amount of \$168/month for one child.

In response to a question from Jacobson, Fleming gave an example of when the extended visitation would be considered. The obligation follows the court order. In situations of changed custody, a court order is needed to legally change the custody. The IV-D program does not assist in changing custody.

Gillette asked why the guidelines do not include consideration of both parents' income. Freed explained that while the income shares model provides a perception of fairness, there is not much difference in the resulting obligation. He said he has worked on scenarios that prove this. There was some discussion about the pros and cons of the models. The obligor model used by North Dakota includes a calculation for multiple families, which is almost impossible to do in an income share model.

Griffeth stated that he thinks an omission of the guidelines is for those who have the children 45% of the time; they are treated the same as those who do not have their children that often. Schwindt said that what Griffeth is talking about is parental involvement; how do we make it more family friendly? Delorme said that these issues are getting into child welfare areas. You are going to have parents who are good parents and those who are not.

Fleming stated that the guidelines are reviewed every four years. Items are discussed; the rules are amended, and the public has a comment period. The guidelines offer a standard way for a way for cases to be applied. He said that guidelines can be applied almost at will. A motion to the court must show a material change of circumstances if it has been less than a year since the order was entered or last modified. Do not need to show a material change of circumstances if over one year. The program can review the order every three years. There was also discussion about the frequency of reviews and about the possibility of a pro se process. Schwindt mentioned that South Dakota does very few review and adjustments because of a pro se process that is in place. Traynor stated that he understands that the Supreme Court will be looking at a pro se process in October. Fleming mentioned that the last time income shares was looked at by the legislature, frequency of reviews was considered. May have an uncollectible amount for 36 months. Griffeth stated that it also gets compounded with interest. Traynor asked if there wasn't, in the process, an OTSC hearing in which a court could address the issue. Jim stated the court in an OTSC is to determine whether a noncustodial parent is in contempt. An order cannot be modified in an OTSC. There is not appropriate evidence. There is no notice requirement to the custodial parent or to the program. Traynor asked if it wouldn't be in the best interest of the program to go in at that point and immediately look at the order.

Delorme wondered how harassment is stopped when orders may be modified without having to show a change of circumstance after a year. She also mentioned in-kind contributions allowed by tribes.

Briefly reviewed the program Fact Sheet (green) found in the binders. [Tab 11] It is available to the public and summarizes what the program does.

Briefly reviewed the Visitation Fact Sheet (blue) found in the binders. [Tab 11] Within that Fact Sheet is the Web site address to visitation pro se forms.

Reviewed a Center for Law and Social Policy (CLASP) article about child support making a difference for children. [Tab 12] Child support can help connect children to noncustodial parents. Sustained child support can get people off of public assistance and keeps them off. Child support enforcement is a good investment. Next to mothers' income, child support is the second largest income source for poor families.

In follow-up to an earlier discussion, Schwindt handed out information regarding income shares vs. obligor model. The state-by-state comparison is a summary of responses to a child support guidelines survey. The obligation stems from the schedule used, not the model used. The advantage of income shares is that it is a perception of fairness. It is a very expensive perception.

Reviewed a chart showing the difference between the current biennium (2005-2007) and the last biennium (2003 – 2005), regarding appropriations. [Tab 13] Includes salaries, operating, grants (bulk of which is to transfer incentives back to the counties), and information technology services (this includes data processing access for regional offices). Funding for DHS includes general funds (\$3 million), federal funds (\$8 million), and other funds (\$2 million) (which is essentially the incentive money that will go back out to the counties).

Reviewed a chart of Foster Care schedule. [Tab 13] Foster Care was never in SWAP. This chart shows a biennial total amount of \$817,143; the amount collected for the Foster Care program. The chart shows what each county gets.

Reviewed a chart of grants collection budget vs. actual for the TANF and Foster Care programs, for 2003 – 2005 biennium. [Tab 13] This is the interaction that occurs for the reimbursement of the programs - federal, state, and county. Child support collections in 2003 – 2005 exceeded the appropriated amount by \$1.5 million. This \$1.5 million breaks down to \$234,691 to the federal government, \$1,040,321 to the state general fund, and \$266,548 to the counties. The next chart shows what the program is supposed to collect for the TANF and Foster Care programs for the 2005 – 2007 biennium. This includes \$803,012 for the counties compared to the actual collections of \$817,143 in 2003 – 2005. A subsequent chart shows what the impact would be on the counties. This is how there is a direct benefit to counties. In response to a question from Davis, Schwindt said that the counties get the money through a grants line revenue offset.

Reviewed information comparing budget to actual expenditures. [Tab 13] Budget of \$5.6 million, spent \$5.2 million, for a roll-up of \$337,644. Members were asked to look at projections.

Belford asked how much of the increases have to do with inflation vs. caseload. Schwindt stated that the guidelines chart hasn't changed for years.

Reviewed quarterly report. [Tab 13] In response to a question from Sen. Fischer, Schwindt confirmed that the 1.6% would be about \$1.5 million, and that it would be offset against the Foster Care program. In response to a question from Traynor, Schwindt confirmed that the Foster Care collections included amounts collected from intact families. Belford remarked that meth was often involved in Foster Care cases and the difficulty of collecting in those cases. There was then discussion about termination of parental rights. Fleming mentioned that a voluntary termination of parental rights does not automatically terminate the duty to support. Delorme said that the tribes try to not terminate parental rights; rather work with long-term guardianship. Sen. Fischer mentioned the shift in philosophy involving these situations. Delorme stated that these are alternatives to adoption. Freed remarked that there are several options to be considered. Richter said that there is a requirement to file a petition within a certain amount of time; the focus is on permanency. He also said that he has never heard of a case in which child support continued in a parental termination case.

Schwindt handed out a sheet that included August 2005 collection statistics. It is projected that collections will exceed \$100 million in CY 2005.

Reviewed information showing the impact of improving the cost effectiveness of the program. [Tab 13] Impact is both on public assistance offset (cost recovery) and cost avoidance. Some of the examples were reviewed. Fleming reminded the group that the cost effectiveness ratio contained these two variables: increasing collections and saving costs. In response to a question as to whether South Dakota's ratio is that good because of collections or because of saving costs, Schwindt replied that it was both.

A federal Dear Colleague letter (DCL-01-50) was briefly reviewed. [Tab 13] Schwindt said that members may recall discussion about reinvestment of incentives. Historically, incentives could be used anywhere. Now, under federal law, they need to be reinvested into the program. Also need to have a Maintenance of Effort (MOE). For North Dakota, \$1.2 million is the lowest amount.

Fleming gave a brief overview of SWAP, which happened in 1997. Prior to that, programs were more jointly funded than today. There were varying rates of reimbursement. It was decided to "SWAP" costs. Goal was to keep entities on a relatively even plane. The idea was to put financial responsibility on the entity (state or county) where they could have the most control of costs. The state picked up things such as Medicaid grants. While it may look like the state comes out ahead if one looks at only the Child Support Enforcement program, one can see that is not true if one looks

at the overall expenditures for human services. The effect of SWAP is not limited to Child Support Enforcement. There are \$35.3 million of expenses that would have been county responsibility before SWAP. \$27.6 million of county administrative costs would have been reimbursed by the state before SWAP. Last biennium, the state paid \$7.7 million more than they would have before SWAP (grant costs in excess of administrative reimbursement). When considering added computer costs and Indian county reimbursement, the overall SWAP effect is \$11.6 million of avoided county expenditures and corresponding additional state costs. [Tab 13] Gillette stated that the state put a lot on themselves by adding new programs, getting rid of asset test, etc. Traynor stated that it was still tax payer dollars. Just replaced property taxes with state taxes. Fleming said that the numbers are to show that the numbers have a different flavor when looking at the program in isolation vs. looking at the state as a whole. Richter stated that child welfare programs are costing the counties more all the time, and those numbers are not included. He added that the theory that the entity that has control should fund is based on a fallacy. There is much that the counties can't control that they fund. He gave examples of mandates and caseloads. Jacobson stated that the county has to make the decision as to whether the county is going to do it or not.

Total cost of the program in CY 2004 was \$10.4 million. Of that, \$8.1 million was federal funds (\$6.8 million is federal match and \$1.3 million is federal incentives); \$4.2 million was property tax funds; and \$1.5 million was state funds for a total of \$13.8 million. \$13.8 million minus SWAP revenue of \$3.4 million equals the \$10.4 million. SWAP revenue is the federal match on county expenditures on the program which is retained by DHS to offset other county costs assumed by the state under SWAP. Fleming reminded the group about the authority to do agreements; it is a good way to reduce the SWAP to DHS and put back into the program. He provided an example of how it would work if the state would provide \$100,000 under the centralized agreement section.

Schwindt talked about receivables. [Tab 14] There is an email dated July 12, 2005, that talks about the June 30 receivables and includes a receivables chart showing the ongoing growth. Part of that is the interest component. Reviewed what has happened to the receivable balance on IV-D and nonIV-D cases from 2001 to the present. Reviewed the impact when interest calculations began. For example, there was \$15 million in interest alone last biennium. In the current biennium, interest comes into play on all accounts. In response to a question from Belford, Schwindt confirmed that nothing was wrote-off and said that would be discussed later. He explained the changes regarding interest including the interest rate change and the fact that there is now authority for interest to be suspended in certain cases when the noncustodial parent enters into a payment plan. DHS is also undertaking a review of the receivables. A possibility for next session may be to get authority to write off uncollectible amounts that the court has ordered to be paid. Schwindt said that the other part that is needed is not only to figure out the total amount but also to try to find out what is collectible. Sen. Fisher said there has been a lot of discussion among legislators about getting rid of interest. But, this session, it was dealt with differently. Provided incentive language.

Schwindt also pointed out, under the "change" column, the nonIV-D increase of receivables was 8.53% while the IV-D increase was 4.27%; shows effectiveness of regional offices working the cases.

Reviewed information showing incentives for 2000 forward. [Tab 15] Can see what incentives have been going to the state, to the counties, and to the training fund. Also shows estimates for 2004, 2005, and 2006. Can see a leveling off because more states are taking a piece of the incentive pie.

Reviewed information on child support collection tools which includes trigger points/thresholds. [Tab 16] The arrears registry is an effort to consolidate the triggers on a variety of tools. Before the arrears registry, the program couldn't use the remedies at the same time. The arrears registry trigger was set to work more with noncustodial parents before they got too far behind (two months or \$2,000, whichever is less). Automatic withdrawals from noncustodial parent accounts can be done by the noncustodial parent's request or by order of the court in a contempt hearing. Bonds and securities. Credit bureau reporting. Contempt of court. Federal and state criminal prosecution. These are not used a lot right now but there are efforts to increase them. The deduction order is a new tool that will soon be implemented. It works like an income withholding order sent to the bank by certified mail when we have a match on a bank account. Prior to the change, the program had to docket the judgment with the clerk of court, then send a writ of execution to the sheriff. The sheriff holds the money to allow for claim for exemption which rarely happens. Under the deduction order, it will happen much faster because it doesn't involve the clerk of court or the sheriff. The program will hold the collection for 30 days to allow time for court review, if requested. Presently, don't deal with accounts under \$500 very often because cost and time involved. QDROs. Garnishment. Income withholding. Judicial license suspension and now administrative license suspension (tied to the arrears registry). Still working on getting FACES automation to support more volume of administrative license suspension activities, but it has been a wake-up call for many noncustodial parents. Liens. Lottery offset. National Medical Support Notice (NMSN). Passport denial. Public disclosure, with custodial parent consent (which is unique to this remedy). Work activities. Federal and state tax refund offset. Execution, both judicial and administrative. In response to a question from Delorme, Fleming said that the public disclosure may occur in any manner. He added that this hasn't been fully implemented but the program does have the contempt piece (listing of those found in contempt) on the Web site. Schwindt added that Virginia took ads out in the paper. In response to comments from Delorme, Schwindt said he will make a note about tribal gaming.

Reviewed information relating to state-by-state comparisons on federal incentive measures for 2004. [Tab 17] This is what is looked at to determine level of incentives. The measures included paternity establishment percentage (PEP), court order establishment percentage, current collection percentage, arrears collection percentage, and cost effectiveness. The information also provides an overall score: South Dakota is ranked number 1, Pennsylvania is ranked number 2, North Dakota is ranked number

3, and Wisconsin is ranked number 4. North Dakota ranks 12th on PEP, 8th on order establishment, 2nd on current collection, 5th on arrears collection, and 18th on cost effectiveness. In response to a question from Traynor, Schwindt said that the arrears and cost effectiveness measures have a factor of .75. Reviewed bar charts, one for each measure, that compare Minnesota, Montana, North Dakota, and South Dakota. These charts also include a weighted national average. Schwindt said South Dakota really outshines others on cost effectiveness. North Dakota's cost effectiveness is at \$5.37.

In response to a question from Belford, Schwindt said that the performance measure numbers come out about October or so. The numbers come after the end of the federal fiscal year, which is the end of September. Fleming added that members may hear mention of the "157" – this is the report to the federal government which contains this information. The state office has discussed running this report more often, as it gives very good information, but it is very expensive.

Reviewed information which compares North Dakota with South Dakota in a variety of areas to see what South Dakota does differently. [Tab 17] Fleming said that North Dakota tries to provide a higher level of customer service. We track the collections on nonIV-D cases. South Dakota closes cases much more readily. Is that a good policy decision? There are quite a few differences between these two states.

Reviewed information about IV-D caseload, by regional office, by function. [Tab 18] One of the functions is Lack of Jurisdiction (LJ). These are cases which are removed from the performance measure calculations. Gillette wondered if it wouldn't be in our best interest to increase the Lack of Jurisdiction cases to which Schwindt responded that it wouldn't make a difference. Delorme said that it seemed that should be able to catch at least those that come off of the reservation. Fleming stated that one of the challenges is that there is not a unanimous view of when we can do what on these cases. Delorme stated that perhaps the program can negotiate agreements with tribes regarding that. There was some discussion.

More information regarding performance measures was reviewed. There will be a new performance measure regarding medical support in the near future.

Reviewed the definition of a "LJ" case. These are excluded from performance measure calculations. An example was given in which money was being received on a case in "LJ" status.

Delorme asked about getting the program's attorneys licensed to practice in tribal court. Discussed that this has been occurring. For example, member Waller is licensed to practice in Turtle Mountain tribal court. There was discussion that one of the problems has been filing fees. Delorme provided some suggestions to Waller as to where she suggests the request for waiving fees should go.

More information was briefly provided on each of the five performance measures. [Tab 17] Regarding the PEP, it was explained that the percentage can be over 100% because it is based on the born-out-of-wedlock number from last year and the paternity establishment number from this year. Regarding the arrears collection measure, a case with any collection is counted regardless of what is owed. Regarding the pending medical support measure, the program is still waiting for the details from the federal government.

In response to a question from Delorme, Schwindt said that the medical support measure was a work in progress. Delorme mentioned that it seems that program staff don't always understand how Indian Health Service (IHS) fits in.

Reviewed information regarding count of open civil files including orders from the four tribes. [Tab 18]

Schwindt pointed out information in binders including a news article out of Wisconsin for members to read at their leisure [Tab 19] and a document of abbreviations and definitions [Tab 20].

SB 2301 discussion Fleming had previously provided an overview of SB 2301.

Schwindt handed out the form to be completed for expenses. He said a receipt, up to \$50 plus tax, is needed for hotel. Asked members to note the change on per diem and mileage. After members complete the forms, they are to be given to Schwindt. The expenses will be paid out of the improvement fund.

Continuing the discussion on SB 2301, Schwindt said that Section 1 should not be much for the group. Section 2 deals with the incentives; DHS knows that a change is needed to the formula. He said that he mailed out a document on the various formulae. Incentive funds are currently being distributed based on stale data. He said he also mailed a yellow sheet which is a worksheet that was prepared so that members can see what would happen in different scenarios. One scenario is based exclusively on the federal formula. What this shows is that some regional offices would lose much incentive money if comparing incentives under the 1998 distribution vs. incentives under the pure federal formula; for example, the Williston regional office would lose over half of the incentives. Schwindt said that the rules in the budget instructions were not changed this time because of the adverse effect on some of the regional offices, especially the small ones. He said a new incentive formula is needed fairly soon. Administrative rulemaking is needed. Something needs to be pulled together by December. Schwindt said that what he needs now is direction.

Berger said that the CSSB Child Support Working Committee has come to a consensus that they don't think there is a need to reinvent; that is, that the formula should be based on the federal measures. However, the change should be phased in over some years. Davis mentioned that when the federal incentives changed, that was phased in. This

would be basically doing the same thing. Berger said that for 2006, the old formula will be used. The new formula would begin to be phased in for 2007. This would hopefully give regional offices time to work on performance. Schwindt replied that basing the new formula on the federal formula is one option. Bottom line is that Section 2 of SB 2301 requires that the incentive distribution formula promote performance and consistency throughout the state. In response to a question from Kemmet, Schwindt said that the definition of "consistency" for this purpose is still being worked on.

Reviewed correspondence from the IV-D Director in Wisconsin. [Tab 15] Schwindt said that what Wisconsin does is similar to what he would like to do in North Dakota. It is a two-tiered formula. Reviewed correspondence from New York, which bases incentive distribution on performance. [Tab 15] Schwindt said that a change such as to a two-tiered process could accommodate a phase-in process that Berger was talking about. In response to questions from Holewa, Schwindt said that in the old formula there were pay-offs depending on what was collected on assistance cases. Now, that data are gone. He explained how we have never gotten to the next step of changing the formula and therefore, we are still distributing it under the old way. The incentives come into the state based on the "new" federal formula, and are distributed 75% to counties and 25% to the state.

Traynor asked if there have been any further calculations done that would show what would happen in a two-tiered formula (e.g., 80%/20% split) such as Schwindt was recommending. Schwindt replied that no such further calculations have been completed. Schwindt said he would like to see 20% earned through performance. This will be for next meeting.

Delorme said she was thinking a four-year phase-in rather than a three-year phase-in may be more appropriate. Davis said it really is a four-year phase-in because there is no change the first year, then it is phased-in the following three years (beginning in 2007).

In response to a question from Holewa, Schwindt said that Wisconsin differentiates between the largest and smallest counties by giving them additional money. Holewa asked if Schwindt was looking at this Task Force to ratify a new formula. Schwindt replied that a better feel for this is needed. It is going to impact what happens to the state, counties, and courts. He said he would like this Task Force to see the numbers at the next meeting so the administrative rules can be drafted.

Section 3 of SB 2301 deals with the improvement account. A draft "business plan" for the improvement account had been mailed out to members (peach paper). Included in the plan are priorities for use of the account. This includes Task Force expenditures, understanding our arrears better, and reducing or offsetting what is needed for centralizing or specializing, among other things.

Section 4 of SB 2301 deals with centralization and specialization. Reviewed information that shows what items were originally considered and discussed regarding centralization and specialization. [Tab 22]

Schwindt asked that Hausmann talk about two areas being considered for centralization.

Hausmann reviewed a handout on the area of "outgoing interstate." This began a year or a year and a half ago with discussions administrators had about what functions could be centralized or specialized. One of the areas identified was the outgoing interstate function. A brief explanation of how an outgoing interstate case comes to be was provided. North Dakota is looking to another state to help us when we can't proceed with an action. We do a packet of forms to the other state asking for their help. Caseworkers put in a lot of time in working these cases, but the results are not consistent with the effort that is put in to them. This was looked at as being an area that this could be centralized. Looking at five caseworkers that would take on this specialized area. Specific workers would work certain states' cases. The worker could develop relationships, build contacts with staff in other states, and hopefully be able to work these cases in a more efficient manner. In response to a question from Holewa, Hausmann said the five staff would be new staff.

Hausmann said that, according to a survey, workers are spending approximately 20% of their time on outgoing interstate cases. The recommendation is that it should be a centralized unit but located within, or near, a regional office. Estimating is difficult because there is no history regarding centralization.

There are 6,332 outgoing interstate cases. For those working in the outgoing interstate centralized unit, it would be their only duty.

Page two of the handout includes information on location, staff, and costs. There would be five FTEs based on a case analyst position (\$35,000/person/year which would include benefits). Other costs would include office supplies and equipment.

There was some discussion on the allocation of cost and potential funding sources section. Freed asked whether there was any data that would show this would result in increased efficiency. Hausmann said that there was no data that could show for certain. She said she did know, however, that there are experienced workers that don't have the time. Freed said that our statistics show that North Dakota's FTEs are already far over South Dakota's, and now there is a recommendation to add more staff. Hausmann said that it is believed that if we have a certain worker working with certain state – it should lead to improved results. Schwindt added that, when you look at what other states are doing, personal contacts are the best way to get the feedback. In response to a question from Berger, Fleming said that funding this could be looked at a couple of different ways. Hire five new staff, and free up time of existing case workers. Holewa said that it may be that you couldn't see the real savings as it may be the 20% of time

that goes back to the existing staff. Gillette wondered if it would be 20% reduction of force. Hausmann stated that her personal opinion was that they needed staff. They would not look at reducing staff; may be that they just don't ask for additional staff. There was some discussion about what would happen, over time. Schwindt reviewed the potential for cost savings - \$306,220. In response to a question from Waller, Hausmann said that the 20% response was very uniform. Waller said that outgoing interstate is not a very hot item in Devils Lake. He said he would be concerned if it led to the reduction of staff.

In response to a request for clarification from Traynor, Hausmann said that the regional administrators had talked about the workers as being county staff, not state staff. It would be a stand-alone unit near or attached to a regional office staffed by county employees. Holewa expressed surprise at this and wondered why they wouldn't report to the state. She thought that centralizing meant that it would be run by the state. Hausmann stated that it would be a county functioned – just centralized.

Gillette asked if the state office was concerned with better or cheaper. Schwindt stated that the state office was concerned about both. He said hopefully it will be better and that will eventually be cheaper.

Hausmann said that the majority of complaints the regional office receives is on outgoing interstate cases. Many of the complaints stem from the fact that we are not getting responses from the other states.

Hausmann reviewed a handout on the area of "asset seizure." The handout identifies some possible asset seizure collection tools that could be used and gives ideas as to how to identify cases in which asset seizure may be appropriate. Looking at adding a staff or two. This would possibly include an attorney and a support staff to begin with. The staff would be located within a regional office. This unit would work on higher level arrears cases, to see what can be done to reduce the arrears. Build relationships with the sheriff.

Schwindt said that we need to do more on collecting on Financial Institution Data Match (FIDM) hits; we don't do as much as other states in this area. Griffeth wondered what they are doing differently.

Schwindt reviewed the estimated costs. In response to a question from Waller, Hausmann stated that the information on this is much more preliminary than the information on the outgoing interstate area. Agreed it makes sense to look at caseload. What has not been factored in is weighted caseload. She said that Grand Forks' weighted caseload is very close to their non-weighted so it is not such an issue for them as it may be for others, like Devils Lake. Waller expressed concern that this will not provide the amount of yield for Devils Lake as it may for others. Hausmann said that she doesn't think of this as an end, she thinks of it as a start. She agreed we need to

look at other factors. Davis said that it may be that after a year, the benefits can be looked at and adjustments made as necessary.

Schwindt said that he believes these two areas remain excellent candidates for centralization. Asked that members look at these after they leave. This will be looked at again next meeting.

Section 4 of SB 2301 says that the state office needs to come up with a list of things to make the program better. Delorme asked if consideration has been given to doing something similar with tribes. Schwindt stated that there has been consideration from time to time, but nothing that has come to fruition. Fleming mentioned that centralization or specializing some tribal areas has been on the table, and continues to be on the table.

Schwindt said that another area that has been looked at for quite some time is the locate area. Davis has been working on this one. There is a real potential for pay-off on this one.

Schwindt said that this is where he was going on Section 4 and members should let him know if they have different thoughts.

Section 5 of SB 2301 deals with the Task Force. State office needs help to get there. Findings and recommendations from the Task Force are to be presented to the next legislature. The Task Force expires at the end of the biennium.

Section 6 of SB 2301 deals with trying to maximize federal incentives and reviewing staff classifications. Schwindt said that a fringe benefit survey has gone out and is due back next week. The next step will be getting the salary information. This review will help resolve human resource-related issues in case state administration is considered by the legislature again next session.

In response to a comment from Traynor, Schwindt said that one can figure about a \$6 to \$1 ratio: collecting \$6 for each \$1 spent.

Next meeting Tuesday, November 8th at 10:00. Members will be informed of location at a later date.

Adjourned

ATTACHMENT – Organizational Structures of the IV-D Program